



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 4, 2008

Shawn Baker, Resident Agent
Co-Op Mining Company
P.O. Box 1240
Huntington, Utah 84528

Subject: Incomplete Application for Transfer of Bear Canyon Mine Permit to Hiawatha Coal Company,
Task ID #3022, Co-Op Mining Company, Bear Canyon Mine, C/015/0025

Dear Mr. Baker:

The Division staff has completed the initial review of your application to change ownership and control information in the Bear Canyon MRP. We view this as an application to transfer the Bear Canyon Permit to Hiawatha Coal Company and at this point it is considered to be incomplete. The following items (identified by the regulatory citation) need to be addressed before we can proceed with the review of your application:

R645-303-321.300 and R645-301-111.400 and R645-301-112.330, The former Secretary/Treasurer (Gustafson) departure date is required, along with the notarized signature of the Secretary of Hiawatha Coal Company.

R645-303-321.300 and R645-301-112.100, The application must provide the name, address, employer identification number and telephone number for CW Mining if they remain responsible for paying the abandoned mine reclamation fee, as stated on page 1-1 of the application.

R645-303-321.300 and R645-301-112.230, The application must state whether Hiawatha Coal Company is a corporation.

R645-303-321.300 and R645-301-112.310, The employer identification numbers for the officers and directors and for the Applicant and the new Permittee were not provided.

R645-303-321.300 and R645-301-112.420, An organizational tree showing the relationship of owners and controllers and percentage ownership must be provided. (i.e. C.O.P. Development, CW Mining, and Hiawatha Coal Company)

R645-303-321.300 and R645-301-121.200, The table on page 1-2 of the application does not indicate which company these officers and directors represent. Hiawatha Coal Company? The permit number for Hiawatha is incorrectly typed on page 1-2. Two addresses are provided for the resident agent, please give one contact address, telephone number and employer identification number for the resident agent. The applicant is listed as Hiawatha Coal Company, Inc., with a Salt Lake City address, but a telephone number with a 435 prefix. This does not appear to be the accurate contact information.

Page 2
Shawn Baker
September 4, 2008

R645-303-321.100, The employer identification number of the existing Permittee must be provided.

R645-303-322, The public notice serves the purpose of advertising the filing of the application and must be run concurrently with the receipt of the application by the Division of Oil, Gas and Mining.

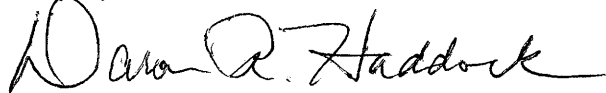
R645-303-323 and R645-301-820.100, Bonding information must be described in the application. Hiawatha Coal Company must obtain appropriate performance bond coverage in an amount sufficient to cover the proposed operations. A new or revised reclamation contract will need to be submitted as well.

R645-301-890, Liability insurance coverage for the new Permittee must be included for the Bear Canyon Mine site.

We are aware that the bankruptcy court has ordered the permit holder to refrain from transferring its permit without the court's consent. Therefore, we will continue our review and issue a decision on the permit transfer application only after Co-op Mining (1) provides the information listed above and (2) demonstrates that the court will allow the transaction to proceed.

If you have any questions, please call Joe Helfrich at (801) 538-5290 or me at (801) 538-5325.

Sincerely,



Daron R. Haddock
Permit Supervisor

an

cc: Paul James Toscano, Debtor's Counsel
Russell S. Walker, Woodbury & Kesler
Keith A. Kelly, Ray Quinney & Nebeker, P.C.
Steven W. Call, Ray Quinney & Nebeker, P.C.
Steve Strong, Ray Quinney & Nebeker, P.C.
Conrad H. Johansen, Olsen, Skoubye & Nielson
Tyler Foutz, Olsen, Skoubye & Nielson
John T. Morgan, U.S. Trustees
David E. Leta, Snell & Wilmer
F. Mark Hansen, F. Mark Hansen, P.C.
O:\015025.BCN\FINAL\returntransfer3022.doc